

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10419
Order No. R-9637

APPLICATION OF BTA OIL PRODUCERS
FOR AN UNORTHODOX GAS WELL LOCATION
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 5, 1991, and was subsequently reopened on February 6, 1992, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 12th day of February, 1992, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, BTA Oil Producers, seeks approval of an unorthodox gas well location 1150 feet from the South line and 1650 feet from the East line (Unit O) of Section 4, Township 24 South, Range 26 East, NMPM, Undesignated South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.
- (3) The applicant proposes to dedicate the S/2 of Section 4 to the subject well forming a standard 320-acre gas spacing and proration unit for said pool.

(4) The subject well is located within one mile of the outer boundary of the South Carlsbad-Morrow Gas Pool which is currently governed by special rules and regulations as contained within Division Order No. R-8170, as amended, which require standard 320-acre gas spacing and proration units with wells to be located no closer than 1980 feet from the end boundary nor closer than 660 feet from the side boundary of the proration unit nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary.

(5) According to applicant's evidence and testimony, the proposed well location is necessitated by a combination of topographic and geologic considerations.

(6) The geologic evidence presented by the applicant indicates that a well drilled at the proposed location should encounter the Morrow formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(7) No offset operator and/or interest owner appeared at the hearing in opposition to the application.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the South Carlsbad-Morrow Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, BTA Oil Producers, is hereby authorized to drill a well at an unorthodox gas well location 1150 feet from the South line and 1650 feet from the East line (Unit O) of Section 4, Township 24 South, Range 26 East, NMPM, Undesignated South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.

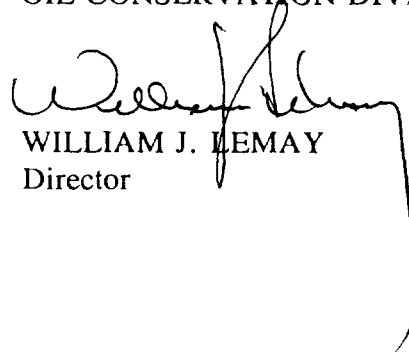
(2) The S/2 of Section 4 shall be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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